



Schedule Margin

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NAVY CEVM





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Definition

- Schedule margin generally refers to a baselined task(s) that has no actual scope/budget, serves as a time-reserve, and therefore effectively increases the likelihood of meeting milestone deliveries
- According to IPMR DID DI-MGMT-81861:
“Schedule margin is an optional management method for accommodating schedule contingencies. It is a designated buffer within the schedule and does not have any resources assigned to it. Schedule margin shall have a baseline and be under the control of the contractor’s program manager.”





Program Management Perspective

- The program manager is responsible for managing scope, schedule, and budget risk.
- Management reserve serves as hedge against cost risk. It is a reserve of budget dollars. At the program manager's discretion, MR budget can be distributed to create plans for mitigating risk
- In a similar fashion, schedule margin serves as a hedge against schedule or time. It serves effectively as a reserve of "days". At the program manager's discretion, schedule margin may be decreased to acknowledge schedule slips that can not be recovered by refining the logic and durations of discrete tasks without significantly increasing schedule risk
 - This period of time can be represented as a "gap" or as a





Background

- The concept of schedule margin has been debated at various conferences and forums for years
 - The visibility to and sheer number of such margin tasks has often been a point of contention
- Historically, DCMA has issued level 3 findings if schedule margin tasks were included in schedules
- In June 2012, the IPMR DID and its related IPMR Implementation Guide provided schedule margin standards and officially recognized it as an effective, albeit optional, program management tool for managing schedule risk





New IPMR Implementation Guide

on Schedule Margin

- Agreement with DOD and industry, approved by PARCA
- From the IPMR Implementation Guide:
“4.14.2 Intent Regarding Schedule Margin (with Examples).
*Schedule margin (aka schedule contingency, buffer, reserve, or any other term which meets this definition) is any task not associated with specific scope or resources, and is used to increase the probability of on-time completion of the contract events. **The term “contract events” includes major logical integration points, such as, contract events, major test and integration milestones, or end item deliverables.** Schedule margin, if used, is typically set at the time the baseline is established and set with the baseline and forecast duration equal...**Schedule margin may be in the critical path with discrete predecessors and successors**”*





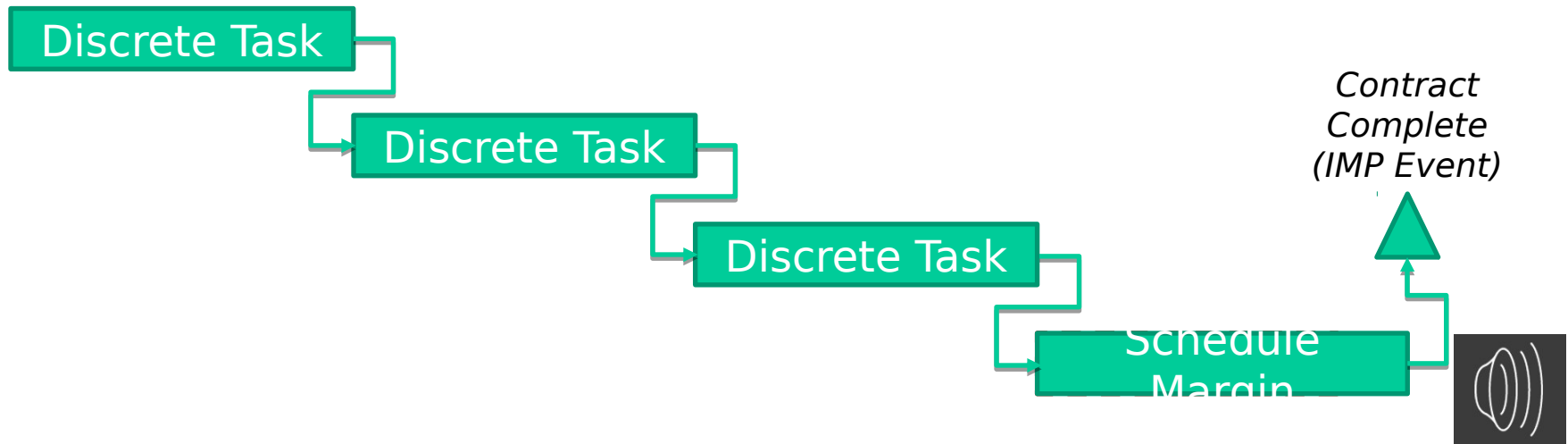
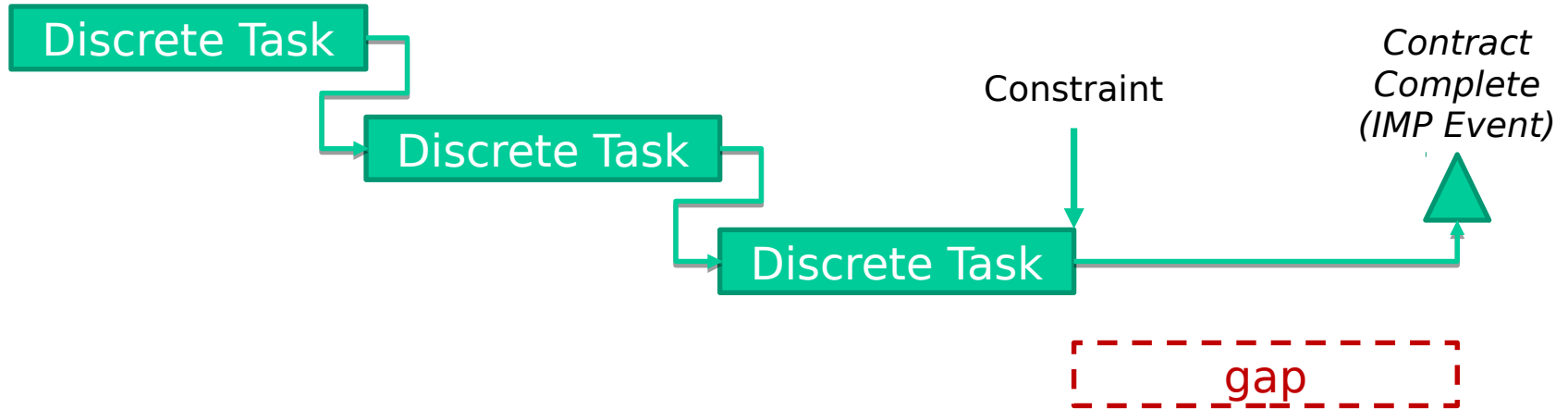
Schedule Margin Standards

- Schedule Margin may be a “gap” or a task within the critical path with discrete predecessors and successors
- Use should be limited to choke points in the schedule (contract events, major test and integration milestones, or end item deliverables)
- Any schedule margin planned as a task shall be clearly labeled “SCHEDULE MARGIN”
 - Allows for identification and removal for schedule risk analysis
- All schedule margin is owned by the Program Manager
- All schedule margin tasks must have a baseline
- No resources or budget may be applied to schedule margin





Schedule Margin “gap” vs. task





Managing Schedule Margin

- Each month as schedule status changes require, the contractor PM decides whether or not a change to schedule margin (SM) duration is warranted or if the logic/durations of other tasks may be altered to hold the SM forecast start and duration.
 - SM must be controlled by the contractor PM
- The baseline and forecast duration of each SM task and the delta between them should be compared and reported monthly
 - SM tasks must be baselined with a baseline duration
- Comparison of the % of schedule margin used with the contract % complete can serve as a guide for SM health
 - If they differ by greater than 10%, risk is increasing or





Schedule Margin Summary

- Schedule Margin is a option for the PM to manage schedule risk
- Schedule Margin is restricted within the IMS to natural significant integration points.
- The requirements of schedule margin are such that it can be easily identified and removed by the Government.
 - It is typically removed from a schedule risk analysis (SRA)
- The baseline for schedule margin must be controlled





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